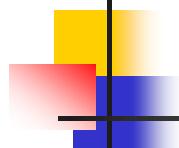


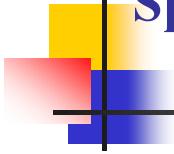
Key Provisions of HR 1 aka the One Big Beautiful Bill (OBBB)

Charles W. Harris, JD



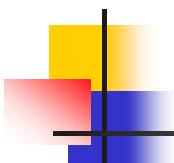
OBBB V. 2016 Tax Law

- Federal income tax law was scheduled to revert to the provisions in effect for 2016 if congress did nothing.
- Some slides have been included to show a comparison between certain 2016 provisions and the OBBB.



Special Deduction for Charitable Contributions Made by Non-Itemizers

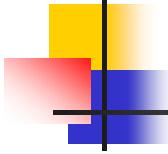
- The OBBB provides a special “above the line” charitable deduction for donations made by taxpayers who do not itemize deductions, i.e. those who take the standard deduction.
- The deduction is limited to \$1,000 for taxpayers who file individual returns and \$2,000 for those who file jointly.
- This new deduction is available for tax years that begin in 2026 and thereafter.



Standard Deductions & Exemptions in Effect for 2016

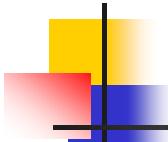
Filing Status	Standard Deduction	Exemptions at \$4,050
Individual Return	\$6,300	\$4,050
Joint Return	\$12,600	\$8,100
Head of Household	\$9,300	\$4,050
Dependents	\$-0-	\$4,050 Each

For those 65 or older, the standard deduction was increased by \$1,550 on an individual return or \$1,250 per taxpayer on a joint return.



HR 1 of 2025 aka One Big Beautiful Bill (OBBB)-Deductions

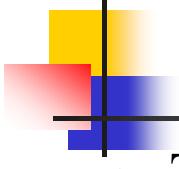
- Standard Deduction is \$15,750 for individual returns and \$31,500 for joint returns regardless of age.
- Increase to Standard Deduction for those age 65 or over -- \$2,000 for individual returns and \$1,600 per taxpayer for joint returns.
- Additional Deduction of up to \$6,000 for those taxpayers age 65 or over. This deduction is available for all taxpayers, including those who itemize other deductions.
- Phase-Out of Additional Deduction—The additional \$6,000 deduction is reduced for individual filers with AGI > \$75,000 and joint filers with AGI > \$150,000. The \$6,000 is completely phased-out when AGI reaches \$175,000 for individual filers and \$250,000 for joint filers.



Standard Deduction + Additional Deduction under OBBB (Exemptions No Longer Exist)

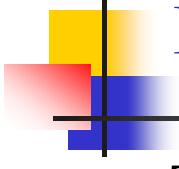
Type of Taxpayer(s)	Combined Deductions
Individual filer less than age 65	\$15,750
Individual filer at least age 65 & complete phase-out	\$17,750
Individual filer at least age 65 & partial phase-out	\$17,751 to \$23,749
Individual filer at least age 65 & no phase-out	\$23,750
Joint filers both less than age 65	\$31,500
Joint filers, one at least age 65 & complete phase-out	\$33,100
Joint filers, one at least age 65 & partial phase out	\$33,101 to \$39,099
Joint filers, one at least age 65 & no phase-out	\$39,100
Joint filers, both at least age 65 & complete phase-out	\$34,700
Joint filers, both at least age 65 & partial phase-out	\$34,701 to \$46,699
Joint filers, both at least age 65 & no phase-out	\$46,700

Increase in Child Tax Credit Under OBBB



- The maximum amount of the child tax credit is increased from \$2,000 to \$2,200.
- The increase is effective for 2025 through 2028. After 2028, the maximum credit is scheduled to revert back to \$2,000.
- To qualify for this credit, the child must be less than 17 years of age at the end of the applicable tax year.
- The child tax credit was \$1,000 per qualifying child in 2016.

Limit on Itemized Deductions for State and Local Taxes (SALT) Under OBBB



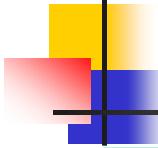
- The limit on the amount that taxpayers who itemize can deduct for state and local taxes is increased from \$10,000 to \$40,000.
- The increase is effective for 2025 through 2029.
- Examples of the taxes to which the limit applies are Indiana income tax, county income tax, real estate taxes, and auto excise taxes.

Federal Income Tax Brackets for 2016 Taxable Income

Rate	Single	Joint	H of H
10%	\$0 to \$9,275	\$0 to \$18,550	\$0 to \$13,250
15%	\$9,276 to \$37,650	\$18,551 to \$75,300	\$13,251 to \$50,400
25%	\$37,651 to \$91,150	\$75,301 to \$151,900	\$50,401 to \$130,150
28%	\$91,151 to \$190,150	\$151,901 to \$ 231,450	\$130,151 to \$210,800
33%	\$190,151 to \$413,350	\$231,451 to \$413,350	\$210,801 to \$413,350
35%	\$413,351 to \$415,050	\$413,351 to \$466,950	\$413,351 to \$ 441,000
39.6%	Over \$415,050	Over \$466,950	Over \$441,000

Federal Income Tax Brackets for Taxable Income Under OBBB

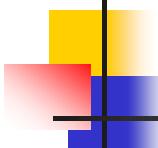
Rate	Single	Joint	H of H
10%	\$0 to \$11,925	\$0 to \$23,850	\$0 to \$17,000
12%	\$11,926 to \$48,475	\$23,851 to \$96,950	\$17,001 to \$64,850
22%	\$48,476 to \$103,350	\$96,951 to \$206,700	\$64,851 to \$103,350
24%	\$103,351 to \$197,300	\$206,701 to \$ 394,600	\$103,351 to \$197,300
32%	\$197,301 to \$250,525	\$394,601 to \$501,050	\$197,301 to \$250,500
35%	\$250,526 to \$626,350	\$501,051 to \$751,600	\$250,501 to \$ 626,350
37%	Over \$626,350	Over \$751,600	Over \$626,350



Federal Income Tax Illustration-Joint Return, Taxpayers <65, 2 Children <17

Description	Tax Year 2016	Tax Year 2025
Adjusted Gross Income	\$75,000	\$75,000
Standard Deduction	(\$12,600)	(\$31,500)
Exemptions	<u>(\$16,200)</u>	<u>\$-0-</u>
Taxable Income	\$46,200	\$43,500
Federal Income Tax	\$6,003	\$4,743
Child Tax Credit	(\$2,000)	(\$4,400)
Tax Due	\$4,003	\$343

Exemptions were eliminated for tax years that began after December 31, 2017.



Federal Income Tax Illustration-Joint Return, Taxpayers >65 & No Phaseout

Description	Tax Year 2016	Tax Year 2025
Adjusted Gross Income	\$90,000	\$90,000
Standard Deduction	(\$15,100)	(\$46,700)
Exemptions	<u>(\$8,100)</u>	<u>\$-0-</u>
Taxable Income	\$66,800	\$46,700
Federal Income Tax	\$9,093	\$4,719

Exemptions were eliminated for tax years that began after December 31, 2017.